



San Gabriel Valley Council of Governments

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Date: September 23, 2009

To: Governing Board Delegates and Alternates

From: Nicholas T. Conway, Executive Director

Re: Update on METRO's Draft 2009 Long-Range Transportation Plan

Background

As Los Angeles County's Transportation Commission and in accordance with Government Code Section 130051, the Los Angeles County Metropolitan Transportation Authority (METRO) is responsible for planning and programming transportation projects in Los Angeles County. The Agency's Long-Range Transportation Plan (LRTP) is a central element of METRO's planning process, as it identifies transportation projects and programming for the next twenty-five year period. As the LRTP is METRO's long range planning vision, acts as the blueprint for implementing future transportation improvements for Los Angeles County. Inclusion in the constrained or funded portion of the LRTP is critical if a project is to be completed.

The LRTP is periodically updated, typically every 3 years, to ensure that transportation decisions are based on a plan that contains current data and assumptions regarding a wide variety of information including changes in the following: future population and employment assumptions, travel patterns, and revenue and expenditure forecasts. The LRTP is also updated to add new transportation projects as part of METRO's transportation program, which can be funded in later years as near term LRTP project commitments are completed. State and federal transportation agencies require the LRTP to cover a minimum twenty-year period.

The LRTP is comprised of three project lists:

1. ***The Baseline Project List.*** This identifies completed projects and projects under construction.
2. ***The Constrained (Funded) Plan.*** The financially "constrained" transportation plan identifies the use of funds that are anticipated to be available over the 25-year period. Projects in the Constrained Plan are expected to receive funding.
3. ***The Strategic Plan.*** This project list identifies "strategic" priorities for projects that are regionally significant, but require new or additional revenue sources to implement. Projects included in the Strategic Plan are not scheduled for funding from METRO.

Status of METRO's Current LRTP (2001-2008)

The LRTP was last updated in 2001. Originally, the LRTP was planned to be updated in 2004. However, after multiple revisions, it was delayed indefinitely. Some of the reasons for this delay included:

- ✓ a need for greater clarity relative to Reauthorization funding
- ✓ the impact of the Consent Decree as it related to operational funding
- ✓ an ongoing structural operating deficit, largely due to METRO's Enterprise fund and refusal to increase fares or limit operational costs, which compromised Federal funding for new rail capital projects
- ✓ the possibility of Proposition 1B funding
- ✓ the possibility of passage of Measure R

METRO's ongoing structural operating deficit has had a circular impact on the Agency's ability to access capital new funding. METRO's commitment to operate new service, particularly new rail lines, has not passed federal standards necessary to support inclusion of new METRO rail projects into the federal New Starts program. Additionally, since a new LRTP has not been adopted, projects remain in their previously identified funding categories. These factors have directly affected the Valley's attempts to secure funding for the Gold Line Foothill Extension, which is currently listed in the Strategic Plan (or unfunded) portion of the LRTP. The Federal Transit Administration will not advance the Foothill Extension in the New Starts pipeline process until it move to the Constrained Plan portion of the LRTP with an operational commitment to run the line upon completion.¹

In terms of the advancement of METRO's overall capital projects list, the lack of an updated LRTP has precluded METRO from having a project in the federal pipeline for the next 4-5 years. This lack of a federal project will cost METRO over \$500 million in federal funding opportunities over the next 4-5 years.

Relationship with SCAG's Regional Transportation Plan (RTP) and Regional Transportation Improvement Plan (RTIP)

The Southern California Association of Governments (SCAG) is the federally designated Metropolitan Planning Organization (MPO) for the counties of Imperial, Los Angeles, Orange, Riverside, San Bernardino, and Ventura. As the MPO, SCAG develops the Regional Transportation Plan (RTP) and updates it every four years. Transportation investments in the SCAG region that receive state and federal funds or require federal approvals (such as environmental clearance) must be consistent with the RTP and must be included in SCAG's Regional Transportation Improvement Program (RTIP) when ready for funding. As the programming document for funds, the RTIP compliments the corresponding years of the RTP. The RTIP is a six-year program and is coordinated with the State Transportation Improvement Program (STIP) every two years.

The Safe, Accountable, Flexible, Efficient Transportation Equity Act – A Legacy for Users (SAFETEA-LU) was signed into law in August 2005, and expands upon previous planning

¹ The Foothill Extension also faces challenges relative to competing national for New Starts money as it relates to compliance with a cost-effectiveness ratio and ridership estimates.

requirements. The federal requirements for metropolitan transportation plans include the following key provisions:

- An open, inclusive process that ensures public input and considers the needs of those traditionally underserved by the existing system
- A plan horizon period of not less than 20 years into the future
- *A financially constrained plan funded by revenues that are committed, available, or reasonably available over the time frame of the RTP*
- *Consistency with state and local planned growth and economic development patterns*

Additionally, the RTP must comply and be consistent with State regulations and plans including the California Environmental Quality Act (CEQA) and the State Transportation Improvement Plan (STIP).

SCAG's RTP is intended to be consistent with all of the County Transportation Commission's long-term plans, including METRO's LRTP. As METRO did not have a current LRTP at the time that SCAG was developing the RTP in 2008, there were challenges associated with developing a Los Angeles County project list for inclusion in the RTP. Once the LRTP is adopted, METRO staff must work with SCAG staff to amend the 2008 Regional Transportation Plan (RTP) to ensure consistency between the Final 2009 LRTP and SCAG's RTP which was adopted in May 2008.

Analysis of METRO's Proposed LRTP (2009-2040)

The 2009 LRTP establishes priorities for projects and programs estimated at approximately \$271.2 billion countywide. This figure includes funds due to the passage of Measure R and the addition of ten years into the planning period from fiscal year (FY) 2031 to FY 2040. As a result of deteriorating state and federal funding, Measure R has become the de facto LRTP as it represents the only identified source of new funding for the next thirty years. Previous sales taxes (Proposition A and C) did not have specific project lists and timelines associated with them, therefore spending of those funds were left to the discretion of the METRO Board. With the passage of Measure R, and METRO's reliance on this as the primary source of funds for new projects, there is limited discretion in what can be included in the LRTP and when it can be funded. Attachment 1 provides a comparison of the status of San Gabriel Valley rail and highway projects in the 2001 LRTP and the draft 2009 LRTP.

One of the major developments since the passage of Measure R in November, with estimated revenues of \$40 billion over the next thirty years, has been the impact of the economic downturn and the recovery efforts. The LRTP assumes that that actual sales tax growth will be 5.6% negative in FY 2009 and another 4.9% negative in FY 2010, but it assumes that national economic recovery efforts will be successful by FY 2011. As a result, the forecast for total Measure R revenues now stands at \$38.4 billion, a decrease of \$1.6 billion.

Rail Projects

Table 1, below, provides a summary of San Gabriel Valley rail projects currently included in the draft 2009 LRTP.

	Est. Escalated Cost as of June '09	Expected Completion (Measure R)	Est. FY Open (June '09) Leveraged \$
Gold Line Foothill Extension (Pasadena to Azusa)	\$875 million	FY 2015-2017	2017
Regional Downtown Connector	\$1,300 million	FY 2023-2025	2025
Gold Line Eastside Extension	\$2,490 million	FY 2033-2035	2035

Table 1

San Gabriel Valley Rail Projects' Estimated Escalated Costs and Completion Dates as Included in Draft 2009 LRTP

Gold Line Foothill Extension

The expenditure plan that was included as part of the ballot language for Measure R provides a range of dates for which projects can be allotted funding under Measure R, and it further states that projects may not receive funding any earlier than the dates identified in the Measure R expenditure plan. As a result of the decreased sales tax revenue, as well as, presumably, the desire by the City of Los Angeles to advance the Westside subway extension project, all rail projects are now scheduled to be completed at the tail end of this range of completion dates.

The Gold Line Foothill Extension was slated to be eligible for funds beginning FY 2010- 2012 with completion between FY 2015-2017. The 2009 LRTP now indicates that the Gold Line will not be completed until FY 2017. Additionally, METRO will not commit to funding for operating costs until FY 2017.

Conversely, the Measure R expenditure plan indicated that the Westside subway extension was “to be completed in segments”, with funding available beginning FY 2013-2015 with completion in FY 2034-2036. Now, the LRTP identifies specific dates for when the “segments are expected to be completed as follows:

- Segment 1 (to Fairfax) - \$2,035 M in funding, to be opened in 2019
- Segment 2 (to Century City) - \$2,473 M in funding, to be opened in 2026
- Segment 3 (to Westwood) - \$1,615 M, to be opened in 2036

By reserving the right to break this project up into segments, without specific funding dates, elements of this project were able to be aggressively moved forward.

Regional Connector

The Regional Connector will connect the Foothill and Eastside Gold Line Extensions directly with the Long Beach (Blue) and Exposition Lines and indirectly to the Crenshaw and Green Lines. A total of \$160 million in Measure R funds are committed to this project, which is expected to have a total cost of \$1.3 billion. The Measure R expenditure plan allocated the cost of the Regional Connector equally (20% each) between the following five subregions that will be served by this project: City of Los Angeles, Westside Cities, Gateway Cities, San Gabriel Valley and South Bay Cities. The San Gabriel Valley, which stands to benefit from this project, has a \$32 million share of this project cost through the Measure R expenditure plan. This project is expected to be completed between 2023-2025 and is eligible for consideration for Federal New Starts funding. As this is the only rail project that benefits that San Gabriel Valley that is eligible for this funding, it is recommended that the SGVCOG support this project as METRO’s first federal priority project, which could provide funding to accelerate the project. By supporting the Regional Downtown Connector as METRO’s first federal priority, the SGVCOG would be working toward completing the project by 2019, and thus providing immediate benefit and transit connectivity to the rest of the County via the Gold Line.

Gold Line Eastside Extension

This project is newly added to the LRTP. There are three possible routes under consideration for this project, one of which would be along the SR-60 right-of-way in the south side of the San Gabriel Valley. The total cost for this project is estimated at \$2.49 billion and it is expected to be completed between 2033-2035. Currently, there is no guarantee that this project will be considered for Federal funding in order to accelerate completion. METRO will provide scenarios as to how this project could be accelerated, but without a new source of funding identified the likelihood of completing this project ahead of schedule is minimal.

Highway Projects

Table 2, below, provides a summary of San Gabriel Valley highway projects included in the draft LRTP baseline. Generally, baseline projects are those that are completed, under construction, or in design.

	Est. Escalated Cost	Est. FY Open (June '09)	Status (June '09)
SR-60 HOV Lanes from I-605 to Brea Canyon Road	\$153.3 million	2010	Under Construction
I-10 HOV Lanes from I-605 to Puente Ave.	\$168.6 million	2012	Under Construction
I-10 HOV Lanes from Puente Ave. to Citrus Ave.	\$182.8 million	2015	In Design
I-10 HOV Lanes from Citrus to SR-57	\$170.0 million	2015	In Design
SR-57/SR-60 Mixed Flow Interchange Improvements	\$475.0 million	2029	-
SR-71 from Mission Blvd. to Rio Ranch Rd.	\$330.0 million	2029	-

Table 2
San Gabriel Valley Highway Projects Included in the Draft 2009 LRTP:
Estimated Escalated Costs and Estimated Completion Dates

Table 3, below, provides a summary of highway projects that are scheduled to be included in the Funded portion of the LRTP as a result of receiving Measure R funding.

	Est. Escalated Cost	Measure R Contribution	Est. FY Open (June '09)
ACE Project Phase II	\$1,123 million	\$400 million	As funds become available
Countywide Soundwall Construction (METRO regional list and Monterey Park/SR-60)	\$250 million	\$250 million	2010-2039
I-605 Corridor Interchanges	\$2,140 million*	\$590 million	As funds become available
I-710 North Gap Closure (tunnel)	\$3,730 million*	\$780 million	As funds become available

Table 3.
San Gabriel Valley Highway Projects Included in the Draft 2009 LRTP and Scheduled to Receive Measure R Funds.

At the June METRO Board meeting, Supervisor Antonovich introduced a motion to include the “Measure R” highway element as part of the planned update of the Agency’s Long-Range Transportation Plan (LRTP). At the July METRO Board meeting, staff presented an incomplete highway element that failed to identify the sequencing of highway projects. At the request of the SGVCOG and several other COGs, the Board postponed adoption of the LRTP and formed a Measure R Highway subcommittee to finalize the specifics of the highway element. This subcommittee includes the participation of the COGs, and the SGVCOG Executive Director and representatives from the Public Works TAC have been participating on this committee. This

committee has been meeting on a weekly basis to review those candidate projects and their attendant funding plans. Since that time, there has been significant movement to modify the funding plan and schedule of projects, and this has had a direct impact on a number of San Gabriel Valley projects as described below.

The ACE Project

The initial draft schedule proposed by METRO in July showed the ACE Project receiving the following allocations during FY 09-14:

- FY 2009-10: \$42 million
- FY 2010-11: \$20 million
- FY 2011-12: \$20 million
- FY 2012-13: \$17 million
- FY 2013-14: \$10 million

That revenue stream would represent a total of \$109 million or 26% of ACE's total \$400 million Measure R allotment. There was no commitment as to when the balance of funds would be allocated to ACE after FY 2013-14. Additionally, the ACE Project was one of the few highway projects that was specifically identified as being ineligible for additional funding to adjust for inflation. It is also noteworthy that as ACE is on-going project, it is "shovel-ready" and would be able to utilize any funding that it received immediately. ACE staff estimates that the entire ACE project could be completed within the next eight years (by FY 2016-17) if funds were available. In order to address these issues, the SGVCOG representatives motioned that those Measure R projects that are ineligible for inflationary adjustments be front loaded in the 30 year financial plan.

As a result of the recommendations made at the Measure R subcommittee, METRO staff has now agreed to revise their original plan and support the concept that ACE will receive its entire Measure R allocation (\$400 million) during the first phase of Measure R's 30 year program. METRO staff is now recommending that funds be allocated according to the following schedule:

- FY 2009-10: \$42 million
- FY 2010-11: \$50 million
- FY 2011-12: \$50 million
- FY 2012-13: \$50 million
- FY 2013-14: \$50 million
- FY 2014-15: \$50 million
- FY 2015-16: \$50 million
- FY 2016-17: \$58 million

This change is a major step by Metro and represents a significant benefit to the San Gabriel Valley and ACE. The schedule of payment cannot be increased any further since it is predicated on METRO's projected internal cash flows. It is important to note the last payment under Measure R coincides with the final year of the COG's adopted schedule for completion of the ACE project, which was a key point to METRO and their willingness to advance the funding in this sequence.

210 Soundwalls

Under the Measure R expenditure plan, the Arroyo Verdugo subregion was allocated \$170 million for “highway operational improvements.” That subregion, specifically the City of La Canada Flintridge, was attempting to use this funding to build soundwalls along the I-210 corridor but was informed by METRO staff that this was not an eligible activity under highway operation improvements as it does not mitigate congestion. However, under a separate heading, the Measure R expenditure plan allocates \$250 million for Countywide soundwall construction. In order to address La Canada’s needs while freeing up additional capital funds, the SGVCOG representatives have been advocating to allow the Arroyo Verdugo region to swap out a portion of their operation improvement funds with the Countywide soundwall funds. The amount would not change, but this flexibility would allow the funds to be use most effectively to address the needs of the community. METRO staff is now working to finalize this fund swap to allow the program to be completed.

710 Tunnel

As a result of the Measure R subcommittee discussions, METRO staff has agreed to front load a portion of the \$780 million in funds that are identified for the 710 tunnel gap closure. Staff is recommending that funds be allocated according the following schedule for FY 2009-10 through FY 2018-19:

- FY 2010-11: \$9 million
- FY 2011-12: \$17 million
- FY 2012-13: \$16 million
- FY 2013-14: \$14 million
- FY 2014-15: \$20 million
- FY 2015-16: \$20 million
- FY 2016-17: \$20 million
- FY 2017-18: \$20 million
- FY 2018-19: \$20 million

This allocation would provide \$156 million over the next ten years, or 20% of the project’s \$780 million allocation. This cash flow should be sufficient to support funding for the environmental work required once the Caltrans/METRO Geotechnical feasibility study in completed this fall. Additionally, METRO legal staff has confirmed that the San Gabriel Valley may retain balance of the \$780 million 710 tunnel allocation for other projects in our region in the event that a public-private partnership (PPP) is used for the 710 tunnel construction.

Subregional Funding

The SGVCOG representatives have expressed concern over the need to retain all Measure R funding within each subregion. For example, there is the possibility that the \$780 million allocated to the 710 tunnel may not be used, either as a result of the current legal challenge related to the inclusion of this project in the ballot language or the possibility of completing this project through a PPP. Should either of these scenarios occur, it is unclear where the \$780 million will be allocated. In order to maintain subregional equity, the SGVCOG representatives made a motion, which passed unanimously, to mandate that all funds shown in Measure R by

subregion will remain in those subregions regardless of the projects' funding eligibility or cost. This policy is essential to the San Gabriel Valley's ability to maintain our "fair share" of funding in this 30 year program. METRO legal counsel has concurred that this policy is allowable under the Measure R program.

Operations

With the exception of the upcoming fiscal year, the LRTP does not include information on operating commitments. The LRTP assumes only that projects constructed under Measure R will be opened on the last date possible as described in the Measure R expenditure plan. However, no commitment is made as to the level of operating service on rail or bus, and no commitment is made for operating the Foothill Extension starting in 2013 as proposed by the Gold Line Foothill Extension Construction Authority, as opposed to the 2017 start date proposed by MTA staff.

Structural Operating Deficit

The current LRTP identifies a structural operating deficit of \$400 M over four years, from FY 2011 – FY 2014. Currently METRO staff has not identified a manner by which to close this gap. METRO staff will present to the board a "workout plan" by which the METRO Board will determine various strategies to address this issue and provide policy input necessary to reduce costs or increase revenues to fill this deficit.

METRO's ongoing structural deficit has been manageable over the past few years with one-time funds and transfer of discretionary funds into the operating budget to achieve a balanced budget. The operating revenues available to METRO over the next ten years will be substantially less than what is necessary to operate the METRO system for the following reasons:

- ✓ METRO will open several new rail lines, including the Foothill Extension
- ✓ METRO will receive new rail operating funds through Measure R (5%), but that amount will be consumed entirely by the new rail lines without fully funding their operating cost.
- ✓ METRO will lose hundreds of millions of State Transit Assistance funds over the next few years, with other State operating funds imperiled by the current budget crisis.

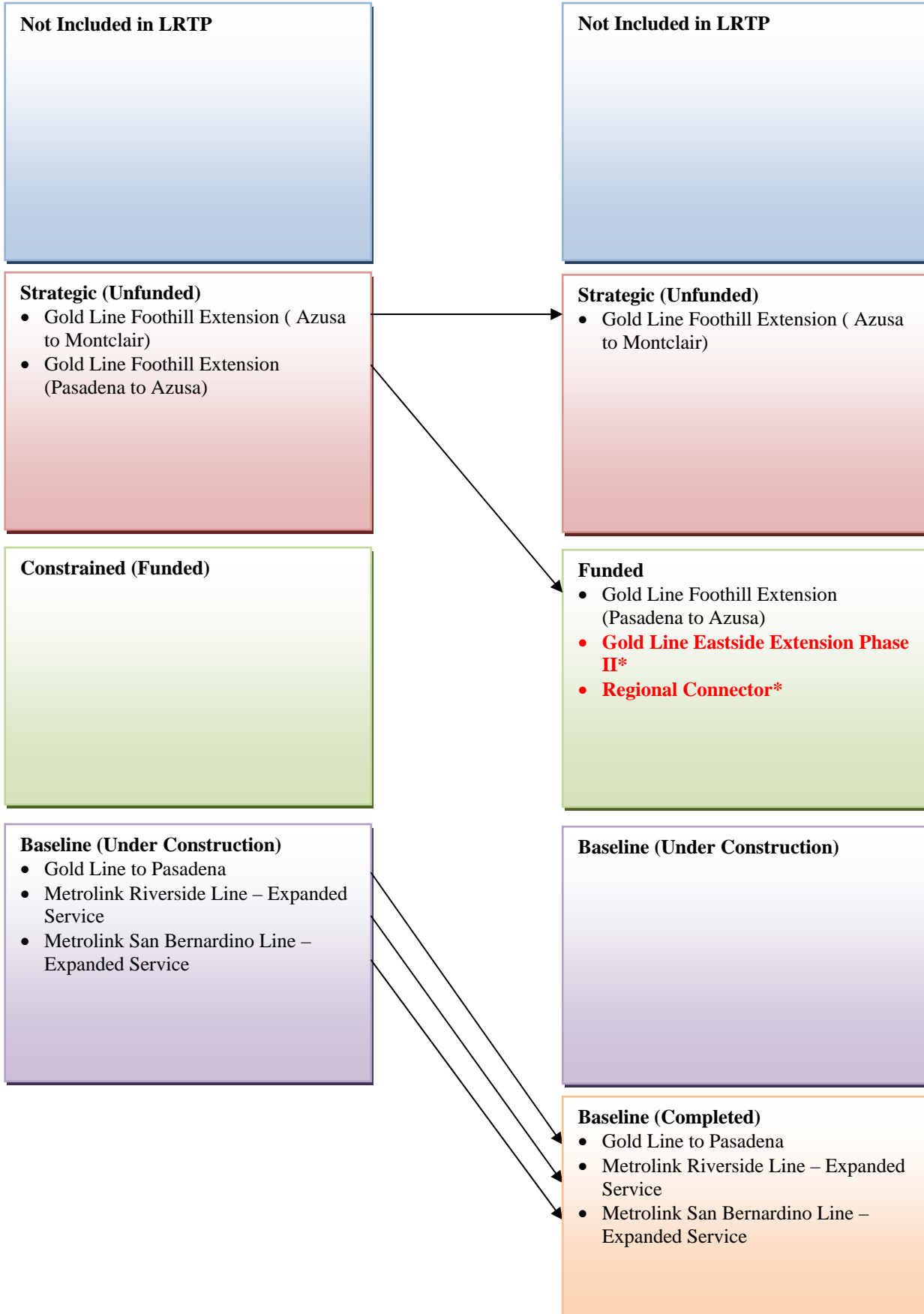
These issues are important for two main reasons. First, the Federal government requires that METRO demonstrate the ability to fund the operation costs for any project that is given Federal funding for capital costs through the New Starts program.

Second, a lack of operating funds available to operate new rail lines will create pressure against the acceleration of the Foothill Extension opening from 2017 to 2013, as well as create possible scenarios whereby the Foothill Extension (and the first segment to Pasadena) are operated at less than optimal schedules for San Gabriel Valley residents.

**San Gabriel Valley Transportation Priority Projects
Rail Projects**

2001 LRTP

2009 LRTP (Recommended)

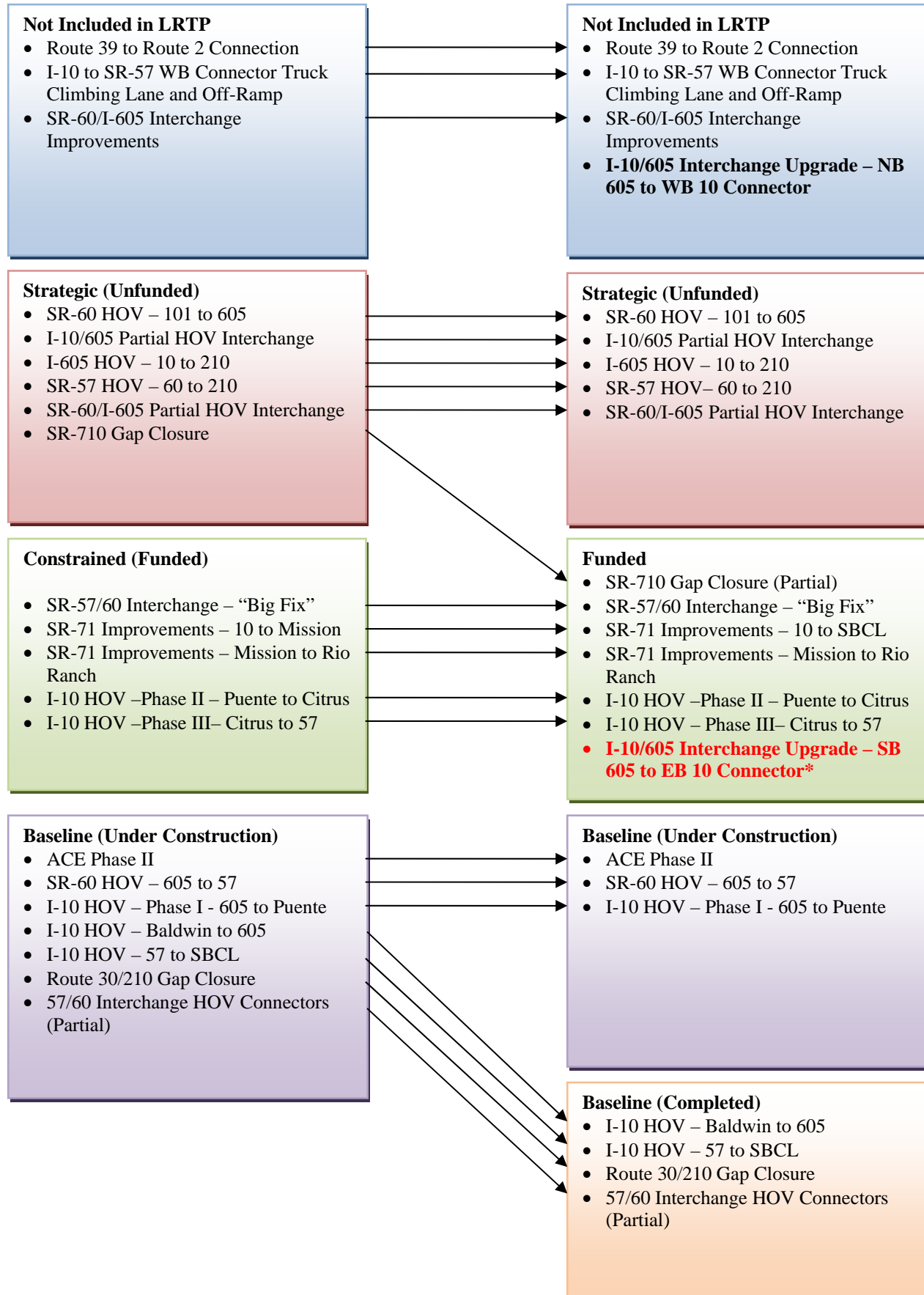


*Projects in red were not included in either the Strategic or Constrained portions of the 2001 LRTP.

San Gabriel Valley Transportation Priority Projects Highway and Grade Separation Projects

2001 LRTP

2009 LRTP (Recommended)



*Projects in red were not included in either the Strategic or Constrained portions of the 2001 LRTP.